

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In re: FRANCHISE GROUP, INC., <i>et. al.</i> ¹ Debtors.	Chapter 11 Case No. 24-12480 (LSS) (Jointly Administered) Re: DI 1293
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**NATURE'S ANSWER INC.'S RESERVATION OF RIGHTS TO
AMENDED SCHEDULE 1 TO SALE ORDER**

Nature's Answer, Inc. ("NA"), by and through its counsel Gellert Seitz Busenkell & Brown, LLC, as and for its Reservation of Rights to the above-captioned debtors' (the "Debtors") Notice (ECF no. 1293; "Notice") of Filing of Amended Schedule 1 to Sale Order (the "Amended Cure Schedule") and Continued Reservation of Rights, hereby respectfully states as follows:²

¹ The Debtors in these chapter 11 cases, along with the last four digits of their U.S. federal tax identification numbers, to the extent applicable, are Franchise Group, Inc. (1876), Freedom VCM Holdings, LLC (1225), Freedom VCM Interco Holdings, Inc. (2436), Freedom Receivables II, LLC (4066), Freedom VCM Receivables, Inc. (0028), Freedom VCM Interco, Inc. (3661), Freedom VCM, Inc. (3091), Franchise Group New Holdco, LLC (0444), American Freight FFO, LLC (5743), Franchise Group Acquisition TM, LLC (3068), Franchise Group Intermediate Holdco, LLC (1587), Franchise Group Intermediate L, LLC (9486), Franchise Group Newco Intermediate AF, LLC (8288), American Freight Group, LLC (2066), American Freight Holdings, LLC (8271), American Freight, LLC (5940), American Freight Management Company, LLC (1215), Franchise Group Intermediate S, LLC (5408), Franchise Group Newco S, LLC (1814), American Freight Franchising, LLC (1353), Home & Appliance Outlet, LLC (n/a), American Freight Outlet Stores, LLC (9573), American Freight Franchisor, LLC (2123), Franchise Group Intermediate B, LLC (7836), Buddy's Newco, LLC (5404), Buddy's Franchising and Licensing LLC (9968), Franchise Group Intermediate V, LLC (5958), Franchise Group Newco V, LLC (9746), Franchise Group Intermediate BHF, LLC (8260), Franchise Group Newco BHF, LLC (4123), Valor Acquisition, LLC (3490), Vitamin Shoppe Industries LLC (3785), Vitamin Shoppe Global, LLC (1168), Vitamin Shoppe Mariner, LLC (6298), Vitamin Shoppe Procurement Services, LLC (8021), Vitamin Shoppe Franchising, LLC (8271), Vitamin Shoppe Florida, LLC (6590), Betancourt Sports Nutrition, LLC (0470), Franchise Group Intermediate PSP, LLC (5965), Franchise Group Newco PSP, LLC (2323), PSP Midco, LLC (6507), Pet Supplies "Plus", LLC (5852), PSP Group, LLC (5944), PSP Service Newco, LLC (6414), WNW Franchising, LLC (9398), WNW Stores, LLC (n/a), PSP Stores, LLC (9049), PSP Franchising, LLC (4978), PSP Subco, LLC (6489), PSP Distribution, LLC (5242), Franchise Group Intermediate SL, LLC (2695), Franchise Group Newco SL, LLC (7697), and Educate, Inc. (5722). The Debtors' headquarters is located at 2371 Liberty Way, Virginia Beach, Virginia 23456.

² The Amended Cure Schedule states that objections are due within 14 days of it, i.e. May 3, 2025. Debtors' counsel has confirmed such objection deadline.

Basis for Reservation of Rights

1. NA does not object to the sale of the Debtors' assets, or the assumption and assignment of NA's executory contract with the Debtors (described below). However, it wishes to clarify information contained in the Amended Cure Schedule to correct the NA contracts that are listed and to reserve its rights with respect to its ongoing business dealings with the Debtors.

Factual Background

2. On or about March 24, 2011, NA and Vitamin Shoppe Industries Inc., one of the Debtors, entered into the Vitamin Shoppe Purchase Agreement, a copy of which is annexed hereto as Ex. "A" ("Agreement"). The Agreement contained an Exhibit A entitled "Purchase Terms Sheet" (the "2011 Purchase Terms").³ The Purchase Terms were subsequently amended on or about December 1, 2016 (annexed hereto as Ex. "B"; the "2016 Purchase Terms"), and then again on or about June 27, 2021 (annexed hereto as Ex. "C"; the "2021 Purchase Terms").

Procedural Background

3. On April 16, 2025, the Debtors filed a Motion For Sale of Property Free and Clear of Liens, which contained a proposed Cure Schedule (ECF no. 1283-2; "Original Cure Schedule"). The Original Cure Schedule listed two cure costs for NA: a) ID# 1176 in the amount of \$68,968.07 for (seemingly) the 2016 Purchase Terms (Original Cure Schedule p. 199); and b) ID# 2355 in the amount of \$0.00 for the Agreement (Original Cure Schedule p. 271).

4. On April 19, 2025, the Debtors filed the Amended Cure Schedule, which lists two cures for NA: a) ID# 1171 in the amount of \$0.00 for (seemingly) the 2016 Purchase Terms (Amended Cure Schedule p. 76); and b) ID# 2341 in the amount of \$0.00 for the Agreement (Amended Cure Schedule p. 151).

³ It also contained an Exhibit B.

**Correct Agreements, Amounts Currently Owed to NA, and
Reservation of Rights**

5. The Cure Schedule and Amended Schedule list the Agreement and a “Vitamin Shoppe Purchase Agreement” dated December 1, 2016. However, there is actually only one agreement (i.e. the Agreement, dated 2011), and then there is the 2016 Purchase Terms (a part of the Agreement), but which 2016 Purchase Terms were superseded and replaced with the 2021 Purchase Terms.

6. Additionally, the Amended Cure Schedule states that NA is not owed anything on account of the Agreement (and the 2016 Purchase Terms). NA agrees that it is owed nothing by the Debtors for pre-petition amounts, but it continues to sell product and invoice the Debtors post-petition. At any one time, orders are being placed by the Debtors, product is being shipped and invoiced by NA, and invoices are being paid by the Debtors. As of the date hereof, for example, there are open invoices dated February 27, 2025 through April 30, 2025 and totaling not less than \$198,528.53.⁴ NA has been assured by the Debtors that these invoices, and all future invoices, will be paid in the ordinary course, notwithstanding the Amended Cure Schedule (which NA has been advised is intended to only reflect pre-petition amounts due, and not post-petition obligations). Upon that representation, NA is not objecting to the Amended Cure Schedule or the sale of the Debtors’ assets. However, in the event that any post-petition amounts are not paid to NA in the ordinary course, NA expressly reserves all of its rights with respect to all such amounts, including but not limited to asserting such amounts as administrative expense claims under 11 U.S.C. §503(b)(1)(A) and/or cure costs under 11 U.S.C. §365(b)(1)(A), and to object to the assumption and assignment of the Agreement and the relevant Purchase Terms under 11 U.S.C. §365.

⁴ Invoices are available upon request, but have been provided to the Debtors.

7. NA has and continues to reserve all of its rights as set forth herein.

Dated: May 2, 2025

GELLERT SEITZ BUSENKELL & BROWN, LLC

/s/ Michael Busenkell

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